



August 9, 2011

Dear Reader,

The Department of Energy (DOE) invites comments on the enclosed document, Draft Environmental Assessment for the Phycal Algae Pilot Project, Wahiawa and Kalaeloa, Hawaii (DOE/EA-1829D). The draft environmental assessment (EA) can also be found on DOE's National Energy Technology Laboratory (NETL) website at <http://www.netl.doe.gov/publications/others/nepa/ea.html>.

DOE prepared the draft EA in accordance with the Council on Environmental Quality's National Environmental Policy Act (NEPA) implementing regulations (40 CFR Parts 1500-1508) and DOE's NEPA implementing procedures (10 CFR Part 1021). It evaluates the potential impacts to the human and natural environment of DOE's providing a financial assistance grant under the American Recovery and Reinvestment Act of 2009 (Recovery Act) to Phycal, Inc. under a cooperative agreement between Phycal and DOE, as part of DOE's Carbon Capture and Sequestration from Industrial Sources and Innovated Concepts for Beneficial CO₂ Use Initiative. Phycal's plans are to develop a pilot algae farm and processing facility to demonstrate the beneficial use of CO₂ for growing algae and producing algal oil. Phycal's proposed project would develop algae technology that demonstrates the future potential of algal oil for biofuels at a level that results in technical, economic, and environmental advantages. This advanced technology would not only enhance the United States' energy supplies through the responsible development of emissions to renewable energy but would also reduce CO₂ in the atmosphere. The proposed project includes developing an algae farm and processing facility, which would include shallow ponds, greenhouses, lab/offices, a process building, and an outdoor area with various processing facilities. The proposed project would create approximately 40 jobs for the duration of the three-year pilot.

DOE's proposed action is to provide Phycal with \$48.5 million in financial assistance for Phase II in a cost-sharing arrangement. The total cost of the proposed project is estimated at \$60.6 million. The cost would include design, construction, and testing of innovative CO₂ utilization technologies and processes at a scale sufficient to generate reliable cost information and test data.

The draft EA evaluates the resource areas DOE commonly addresses in EAs and identified no significant adverse environmental impacts from DOE's proposed action or Phycal's proposed project. The Phycal Algae Pilot Project is needed to evaluate advanced technologies that capture CO₂ emissions from industrial sources and put it to beneficial use to prevent CO₂ from entering the atmosphere. This project would also meaningfully assist in the nation's economic recovery by creating jobs in accordance with the objectives of the Recovery Act.

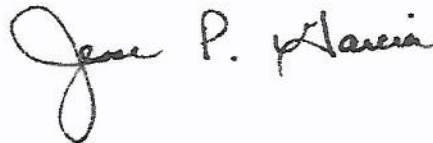
A Notice of Availability will be published in the Honolulu Star Advertiser on August 14, 2011, to announce the beginning of a 30-day public review and comment period, which will begin on August 15, 2011. As stated in the notice, comments should be marked "Phycal EA Comments" and sent to:

Mr. Jesse Garcia
U.S. Department of Energy
National Energy Technology Laboratory
3610 Collins Ferry Road
P.O. Box 880
Morgantown, WV 26507-0880
Email: Jesse.Garcia@netl.doe.gov
Facsimile: 1-304-285-4403

Individual names and addresses, including email addresses, received as part of the comment documents normally are considered part of the public record. Persons wishing to withhold names, addresses, or other identifying information from the public record must state this request prominently at the beginning of their comments. DOE will honor this request to the extent allowed by law. All submissions from organizations, businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses will be included in the public record and open to public inspection in their entirety.

The public comment period ends on September 13, 2011. DOE will consider late submissions to the extent practicable.

Sincerely,

A handwritten signature in black ink that reads "Jesse P. Garcia". The signature is written in a cursive style with a large, looping initial "J".

Jesse Garcia
NEPA Document Manager